

AGREEMENT

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THIS AGREEMENT deemed made at San Carlos, California,
December 19th, 1960;

1. KELLY-MOORE PAINT COMPANY, INC., a California corporation, hereinafter referred to as K-M, desires to purchase all of the issued and outstanding preferred and common stock of PACO TEXTURES CORPORATION, a California corporation, hereinafter referred to as PACO from the undersigned owners and holders thereof, hereinafter individually and jointly referred to as the shareholders.

2. K-M hereby offers to buy and the undersigned shareholders hereby individually and jointly agree to sell to K-M all of their holdings of preferred or common shares or both of PACO in exchange for shares of the six percent cumulative preferred stock of K-M, and such agreement hereby has the approval of PACO TEXTURES CORPORATION.

3. The preferred shares of K-M shall be valued at par, One Hundred Dollars (\$100) per share. The book value of the common and preferred shares of PACO shall be determined as of December 31, 1960, by the firm of certified public accountants presently representing PACO and shall be in the form of a certified opinion audit by said firm and shall be determined by that firm in accordance with sound accounting principles and in accordance with the method the firm has heretofore applied in preparing the annual statements of PACO. The shareholders shall thereafter receive one share of the K-M One Hundred Dollar (\$100) preferred stock valued at One Hundred Dollars (\$100) for each One Hundred Dollars of value of the shareholders common and preferred shares of PACO, provided, however, that no fractional shares of K-M preferred stock shall be issued, but for any value less than One Hundred Dollars to which a shareholder may be entitled, cash will be paid by K-M to said shareholder or shareholders for such difference.

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1 4. The parties further acknowledge that PACO is and
2 will be at the time of consummation of this agreement indebted to
3 certain of its shareholders for loans and advances by said share-
4 holders to PACO and by way of accrued and accruing bonuses. The
5 parties therefore further agree that additional shares of K-M
6 One Hundred Dollar (\$100) preferred stock valued as herein set out
7 shall be transferred and delivered to said shareholders to whom
8 PACO is indebted in consideration for the cancellation of such
9 indebtednesses by said shareholders. In the event any said share-
10 holder-creditor shall be entitled to a fractional share of K-M
11 preferred stock, no such fractional share shall be issued, but
12 said shareholder-creditor shall receive the value of such fraction-
13 al share in cash from K-M.

14 5. This agreement is made subject to the following
15 conditions:

16 a) That this agreement shall meet with the approval of
17 the Commissioner of Corporations of the State of California and
18 said Commissioner shall issue his permit to K-M authorizing K-M
19 to issue its One Hundred Dollar six percent preferred stock to the
20 shareholders in accordance herewith, K-M hereby agreeing to forth-
21 with take all steps necessary to obtain such permission;

22 b) That the certified opinion audit to be rendered by
23 the certified public accountants pursuant hereto shall reflect a
24 true net worth of PACO of approximately One Hundred Thousand Dollars
25 (\$100,000) and shall meet with the approval in every respect of K-M.

26 6. In executing this agreement BERTHA A. MACKEY under-
27 stands and agrees that she is thereby becoming a party hereto both
28 on behalf of the Estate of W. L. Mackey of which she is executrix
29 and on behalf of herself as an individual as the sole heir, devisee
30 and legatee of said Estate by the terms of the last Will of W. L.
31 Mackey, deceased, and that she will be bound by the terms hereof
32 upon distribution of the assets of said Estate, including therein

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1 the shareholdings of said Estate in PACO and the indebtedness of
2 PACO to said Estate, to her.

3 7. The parties further hereby agree that this agreement
4 may be executed in duplicate copies in order to obtain the signa-
5 tures of all parties involved and that the signature of any one
6 or more parties to any one or more copies of said agreement shall
7 be deemed execution of the original of said agreement in full by
8 all said parties as though their signatures had been affixed to
9 said original.

10 8. The parties hereto agree that any and all fees,
11 costs and expenses of this share transfer and exchange shall be
12 shared equally by K-M and PACO excepting that any transfer taxes
13 payable hereunder shall be paid by the corporation whose shares
14 are being so assessed or taxed upon such transfer or exchange or
15 upon issuance of shares which may be necessary for the consummation
16 hereof.

17 WITNESS our hands at the date and place first above set
18 out.

19 KELLY-MOORE PAINT COMPANY, INC.

20 By William E. Moore
21 President

22 and

23 By John J. Lick
24 Secretary

25 PACO TEXTURES CORPORATION

26 By E. J. Steadman
27 President

28 and

29 By _____
30 Secretary

31 COMMON SHAREHOLDERS

NUMBER OF SHARES

32 M. T. McInerney
M. T. MC INERNEY

500

VERN R. JOHNSON

2,500

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1	<i>C. F. Woodland and Frances D. Woodland</i> C. F. WOODLAND and FRANCES D. WOODLAND, Joint Tenants	9,013
2	<i>Frances D. Woodland</i> FRANCES D. WOODLAND	
3		
4	LESTER DRESSLER	2,500
5	<i>William E. Moore - Pres.</i> KELLY-MOORE PAINT CO., INC., by	1,000
6	WILLIAM E. MOORE, President	
7		8,000
8	ESTATE OF W. L. MACKEY BY BERTHA MACKEY, EXECUTRIX	
9	<i>J. T. Kirkland</i> J. T. KIRKLAND	283
10		
11	PREFERRED SHAREHOLDERS	NUMBER OF SHARES
12	<i>M. T. McInerney</i> M. T. MC INERNEY	5
13		
14	VERN R. JOHNSON	25
15	<i>Lester Dressler</i> LESTER DRESSLER	45
16		
17	<i>William E. Moore - Pres.</i> KELLY-MOORE PAINT COMPANY, INC. BY	10
18	WILLIAM E. MOORE, PRESIDENT	
19	<i>C. F. Woodland and Frances D. Woodland</i> C. F. WOODLAND AND FRANCES D. WOODLAND, JOINT TENANTS	31
20		
21	FRANCES D. WOODLAND	
22		16
23	ESTATE OF W. L. MACKEY BY BERTHA MACKEY, EXECUTRIX	
24	<i>J. T. Kirkland</i> J. T. KIRKLAND	3
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